

**U.S. Small Business Administration
Hawai'i District Office**

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For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk:
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness:
1-800-REG-FAIR
- SBA Home Page: www.sba.gov

A "Big Mahalo" to Our Participants and Partners as we conclude our 2005 fiscal year! The District Office appreciates your support of Small Business!

"504 Your Small Business"

During the final quarter of SBA's fiscal year, Lōkahi Pacific Rural Development Inc. and HEDCO LDC have been conducting informational meetings and participating in workshops----getting the word out about the 504 loan program. On August 5, 2005, Lōkahi Pacific Rural Development Inc., along with Bank of Hawai'i, sponsored an informational meeting on Maui with 45 lenders in attendance. Craig Swift reviewed the timeline for processing a 504 loan from the initial discussion with a client, to the application and approval process by Lōkahi Pacific Rural Development Inc., approval by SBA in Sacramento and, finally, the



funding of a debenture. Attorney Raymond Wimberly reviewed the key covenants in the 504 loan authorization and his role in debenture funding. Finally, JoAnn Ridao emphasized Lōkahi Pacific's role, as a non-profit organization, to reinvest its resources back into the community in which it serves (Maui and the Big Island)—create a win-win situation. It was a very thorough two-hour workshop.



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The 504 Loan Program



One of the major benefits of the SBA 504 loan program is that it supports business expansion and yet preserves precious cash or working capital for growth. David Perkins, President, of HEDCO LDC indicated that Ace Auto Glass Inc. is a prime example of this strategy.

Ace Auto Glass, Inc., a family-owned business, was incorporated on July 16, 1975 by Frank and Grace Tamaye. The Tamayes worked for Globe Armada Glass for about 15 years prior to Ace Auto Glass Inc. The business started on O'ahu and later expanded to Maui. Sons Calvin Tamaye and Stephen Tamaye joined the company in 1979. The Maui operation is managed by Stephen and his wife Pia Tamaye. Calvin Tamaye noted that as a family-owned business, each family member respects each other's differences of opinion and, most often, the "family" comes to a consensus on critical business decisions—right or wrong.



Though operations are usually located on leased premises, in **1990**, Ace Auto Glass, Inc. decided to use the 504 program to own their business premise in fee. 2250 Kamehameha Hwy., Hon, HI was the first of five projects. In **1992**, Ace Auto Glass used the program to buy a parcel in Kahului (Hanamau Street) which was later replaced by a better location at Wakea Avenue, Kahului, HI in July of **2003**. In February of **2003**, Ace Auto Glass expanded their Kaua'i operations through the purchase of 3019 Pekele Street, Līhu'e, Kaua'i and, in November **2004**, the firm purchased 87-1875 Kanoiehua Avenue, Hilo, HI.

Calvin Tamaye navigated this expansion effort as well as managing the O'ahu, Hilo, Kaua'i and Guam operations. Though it has been a very stressful experience, his words of wisdom are to have patience and have the employees realize that they control their own destiny. He also credits having a good banker to serve as counsel and a "firm sounding board." In this instance, he acknowledges Joanne Arizumi of First Hawaiian Bank as that banker.

Ace Auto Glass, Inc. specializes in wholesale and retail auto glass replacement and repair service.

The company has locations in Kalihi, Pearl City, Ward, Hilo, Līhu'e, Kahului and Tamuning, Guam. The business' customer base includes insurance companies, rental car companies, auto dealers, body shops and glass shops.



With the help of many dedicated employees and the Tamayes' commitment to customer service, Ace Auto Glass Inc. has expanded to a total of seven locations throughout the Hawaiian Islands and Guam. Calvin is first to proclaim—"the most important asset" of the company is its experienced staff members, ensuring quality service every step of the way.

Much success, Calvin!

The Certified Development Company Program, often referred to as the “504 Program,” is a joint federal government/private sector program that offers eligible small businesses financing for equipment (with an economic life of ten or more years), real property acquisition, building construction, expansion and renovation. The program allows private sector lenders to meet the long-term credit needs of eligible small businesses by participating in project financing with the local Certified Development Company. The CDC provides subordinated second mortgage financing in the form of SBA guaranteed debentures at fixed interest rates for either 10-year or 20-year terms.

HEDCO LDC has been a licensed Certified Development Company since September 1981 and Lōkahi Pacific Rural Development Inc. since February 2003. Both organizations are nonprofit corporations set up to contribute to the economic development of the community and offer their services statewide. “Effective Rates” on debentures can be found at www.nadco.org or please call David Perkins, HEDCO LDC at (808) 521-6502 or Craig Swift, Lōkahi Pacific Rural Development Inc. at (808) 242-5761 ext. 24.

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On O’ahu, HEDCO LDC outreached to Kapolei on August 17th by participating in a contracting workshop conducted by the SBA Hawai’i District Office. Businesses willing to expand their revenues

by way of contracting opportunities with the State of Hawai’i or Federal Government were also provided information on financing the purchase of a permanent business premise or equipment by David Perkins of HEDCO LDC. In attendance were 40 entrepreneurs who were largely existing businesses.

David informed the audience that the 504 loan program can not only be used for real estate transactions but for equipment purchases too. All costs associated with the purchase,



transportation, dismantling or installation of the machinery and equipment can be part of “the project cost.” If the project is solely machinery/equipment, the machinery/equipment must have a useful life of 10 or more years and the project cost must be **at the minimum \$125,000**. The debenture term will be 10 years. Most construction equipment is **not eligible**; however, if the construction equipment is heavy duty, integral to the business operation and meeting the IRS definition of capital equipment, it is eligible.

Through a success story on Ace Auto Glass, Inc. (debenture funded by HEDCO LDC) published in the Honolulu Advertiser on August 17th, the District Office was inundated with calls to attend the SBA workshop “504 Your Small Business” conducted on August 25th at the O’ahu Worklinks Training Center, 1505 Dillingham Blvd., Rm 110. There were an estimated 50 entrepreneurs in attendance. David Perkins and Naomi Masuno of Central Pacific Bank were keynote speakers, along with Tom Smyth of the Department of Business, Economic Development and Tourism, who spoke on Enterprise Zones.



Naomi addressed points as to what lenders look for in a project and the business applicant. The audience found the information useful and appropriate, given the low interest rates on long-term lending. ■



[NEW VERSIONS OF FORM 4, SBA FORM-4 SCHEDULE A AND SBA FORM 4-I \(control #: 5000-962 effective: 8/11/2005\)](#)

- Form 4 has been modified to query whether the applicant is a Service Disabled Veteran rather than a Vietnam Era Veteran. Other changes affect the other Government debt section, assistance the borrower received in completing the Form 4, exporting information and counseling or training received from SBA.

- On Form 4 schedule A the threshold as to listing of personal property taken as collateral was increased from \$500 to \$5,000.
- Form 4-I has been modified to include a block for the North American Industry Classification System (NAICS) code.

The updated forms can be found at www.sba.gov/banking or www.sga.gov/library. Please call Jerry M. Hirata at 541-2969, should you have any questions.

UPDATED INTERNAL REVENUE SERVICE FORMS (control #: 5000-964 effective: 9/15/05)

This Notice is to inform you that IRS has issued a Revision of IRS Form 4506-T. The new IRS Form 4506-T (July 2005) with the SBA Logo on the form is now available on SBA's Intranet site and the SBA Banking site. The new form are to be used instead of previous IRS Form 4506-T.

The form is located at www.sba.gov/banking.

ELIMINATION OF THE LOWDOC LOAN PROGRAM (Control#: 5000-967 effective: 9/27/05)

Effective September 30, 2005, SBA will not longer approve loans under the LowDoc Program.

Any loan package not processed by the LowDoc Center prior to the close of business on 9/30/05, will be shipped to the district office for approval as a standard 7(a) loan. The district office may need to contact the lender for additional information as necessary to make a loan decision, but the lender will not be required to re-initiate the entire application.

The Agency recognizes that there is a "pipeline" issue with respect to loans in process at the lender. In order to not cause undue disruption to potential borrowers, SBA district offices will accept applications submitted using LowDoc forms until October 31, 2005. The loan processor will inform the lender as to what additional information may be required.

Should questions arise, please call Jerry M. Hirata at 541-2969.

UPDATED 7(A) and 504 AUTHORIZATION

The 7(a) Wizard Version 2006 and 504 Authorization Version 2006 is now available to Lenders by going to www.sba.gov/banking.

Lenders have until November 3, 2005 to convert to using this new version.

7(a) and 504 PROGRAM CHANGES EFFECTIVE OCTOBER 1, 2005 (control#: 5000-969 effective 9/28/05)

7(a) Loan Program

Beginning October 1, 2005, the "ongoing servicing fee" paid by lenders to SBA will be 0.545 of one percent. This is an increase from the 0.500 of one percent ongoing fee in FY 2005.

504 Loan Program

Beginning October 1, 2005, the "on going servicing fee" paid by **borrowers** to SBA will be 0.192 of one percent. This is a decrease from the 0.288 of one percent ongoing fee in FY 2005



Hawai'i District Office's Faith-Based Initiative



Development Specialist Mary Dale, Deputy District Director Karen Sakihama and Lead Business Development Specialist Jerry Hirata provided information

In conjunction with the Agency's Faith-Based Initiative, the District Office conducted a workshop with Pastor Kelsey and Druscilla Lewis of the Pacific Revival Center on September 10, 2005.

Business



on the Agency's management and financial assistance programs. The community express loan program and the small disadvantaged business, hubzone and 8(a) certification programs drew very strong interest from the estimated 50 in attendance.

Dennis Wong, Regional Manager for Hawai'i National Bank, provided a heartfelt and robust presentation on the role of the commercial banker and the importance of planning and obtaining appropriate counsel in pursuing entrepreneurship.





We enjoyed the warm hospitality of Pastor Kelsey and Druscilla Lewis and the congregation of Pacific Revival Center. We look forward to

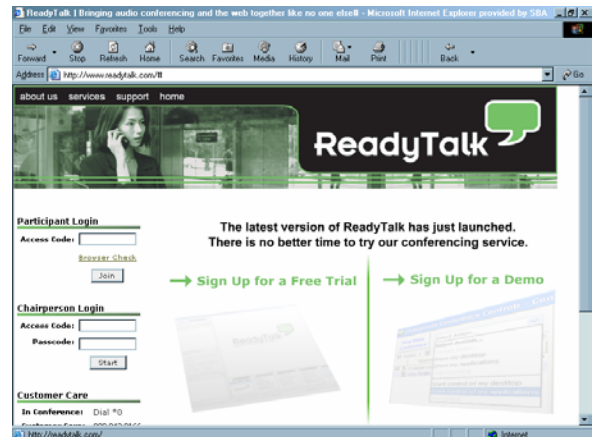
providing future informational meetings on SBA's services as well as other entrepreneurial topics. ■

WWW.READYTALK.COM

Readytalk is a valuable tool for training or teleconferencing using powerpoint presentations or information conveyed directly from the trainer's computer "desktop."

Presentations can be recorded and utilized for future reference.

If you need assistance or training on any SBA topic, please call Jerry M. Hirata at (808) 541-2969.



"Credit equals Cash"

Given the success of the community express loan program, Business Development Specialist Mary Dale coordinated a workshop with John Nabers of Consumer Credit Counseling Service



as the keynote speaker. John Nabers described the elements of the credit report and the do's and don'ts in improving your credit history. He mentioned that the Federal Trade Commission



(www.ftc.gov) has excellent information on the Fair Credit Reporting Act, how to dispute credit report errors, along with "debt management plans." He boiled down good credit history into two simple elements---discipline and there is no quick fix.

Jarrett Oshiro of Hawai'i National Bank and Lawrence Pai of Central Pacific Bank provided information on business plans and the five C's of credit—basically what the lender's look for in a loan application.

The workshop was meaningful and provided valuable information to potential express and community express applicants. ■



Upcoming Event

SBA's Mixed Plate Workshop: An Entrée to Financing & Contracting

- Loans for working capital with fast turnaround
- Long-term financing to purchase or renovate business real estate or major equipment
- Find out how 8(a), SDB, HubZone and Disadvantaged Business Enterprise (DBE) Certification Programs could work for you

**Thursday,
October 27, 2005
9:00 a.m. - 2:00 p.m.**

**Kapolei Hale
1000 Ulu'ohia St. Suite B
(off Kamokila Blvd.)**

Pre-registration is required due to the limited seating.

**Call SBA at 541-2983 or 541-2969
today!**

See flyer at www.sba.gov/hi

Loan Activity, FY 2005
Twelve Months Ended 9/30/05

<u>Bank</u>	<u>No. of Loans</u>	<u>Loan Amount(000's)</u> <u>Gross</u>	<u>SBA</u>
Bank of Hawaii	133	9579.6	5162.8
Central Pacific Bank	73	4862.5	3044.3
American Savings Bank	46	5688.5	4499.3
First Hawaiian Bank	43	4624.7	2834.3
Citizens Security Bank	18	3207.9	2094.2
Center Bank	4	1920.0	1417.5
Hawaii National Bank	4	952.5	665.5
Bank of Guam	4	877.7	667.9
Comerica Bank	2	2198.0	1648.5
Capital One	1	50.0	25.0
Bank Pacific, Ltd.	1	35.0	29.8
Sub-total	329	33996.4	22089.1
Innovative Bank	36	221.0	186.1
Business Loan Center LLC	26	564.0	479.7
Microloan	8	58.0	58.0
Total 7(a) Loans	399	34839.4	22812.9
HEDCO 504 Loans	27	17491.0	17491.0
Lokahi Pacific 504 Loans	2	540.0	540.0
Grand Total	428	52870.4	40843.9

NUMBER OF LOANS BY COUNTY & GUAM

	<u>Oahu</u>	<u>Hawaii</u>	<u>Maui</u>	<u>Kauai</u>	<u>Guam</u>	<u>Samoa</u>	<u>Total</u>
Bank of Hawaii	50	20	15	4	40	4	133
Central Pacific Bank	62	5	5	1			73
American Savings Bank	35	1	10				46
First Hawaiian Bank	29	3	5	3	3		43
Citizens Security Bank					18		18
Center Bank	4						4
Hawaii National Bank	3	1					4
Bank of Guam					4		4
Comerica Bank			2				2
Capital One	1						1
Bank Pacific, Ltd.					1		1
Sub-total	184	30	37	8	66	4	329
Innovative Bank	25	4	2	5			36
Business Loan Center LLC	20	2			2	2	26
Microloan	8						8
Total 7(a) Loans	237	36	39	13	68	6	399
HEDCO 504 Loans	18		5	1	3		27
Lokahi Pacific 504 Loans			2				2
Grand Total	255	36	46	14	71	6	428

Lending Officer Contest
12 months as of
September 30, 2005

Lending Officer	Bank	Branch	# Loans	Pts. =	Bonus Points			Total =
				# Loans X 2				Pts. + Bonus Pts.
<i>Oahu</i>								
Masuno, Naomi	CPB	Kaimuki	31	62	19	2		83
Nakagawa, Raymond	ASB	Main	25	50	7	5		62
Dickinson, John	ASB	Main	20	40	3	3		46
Pai, Lawrence	CPB	Main	11	22	3	2		27
Au, Randy	BOH	Waipahu	5	10	1			11
Kanoa III, Manly	BOH	Pearlridge	5	10	1			11
Sorensen, In Ge	BOH	Wailalae/Kahala	5	10		1		11
Yamashita, Bryan	BOH	Main	5	10	1			11
Olanolan, Beulah	BOH	Pearlridge	4	8	1	2		11
Kihe, Demaney	FHB	Kaneohe	4	8		1		9
Lloyd, Lori	BOH	Kailua	3	6	2			8
Nguyen, Dan	CPB	Kalihi	3	6	1	1		8
Pak, Chong	CPB	Main	3	6	1	1		8
Pak, Chong	BOH	Metro	1	2				2
Smith, Angie	FHB	Kaneohe Bay	3	6	2			8
Kaneko, Steven	BOH	Wailalae/Kahala	4	8	1			9
Kurosawa, Scott	CPB	Main	3	6	1			7
Ng, Eddy	CPB	Main	3	6	1			7
<i>Kauai</i>								
Mayfield, James	BOH	Lihue	4	8	1	1		10
Kahawai, Leland	FHB	Lihue	2	4				4
<i>Maui</i>								
Matsumoto, Pat	CPB	Kahului	8	16	1			17
Wilhelm, Nicole	BOH	Kihei	6	12	1			13
<i>East Hawaii</i>								
Uyetake, Roxann	BOH	Kaiko'o	6	12				12
Kang, Calvin	CPB	Hilo	3	6	1	1		8
<i>West Hawaii</i>								
Potter, Emily	BOH	Kamuela	5	10	3			13
Binney, Jocelyn	BOH	Kailua-Kona	4	8	1			9

